UM Survey: Local Government Slashing Budgets, Wants Financing For Economic Development

Many local governments across Michigan expect to cut service levels in the next year, according to a new survey by the Center for Local, State, and Urban Policy, a research center at the University of Michigan's Gerald R. Ford School of Public Policy.

With the recession continuing to have far-reaching effects and the state transitioning from a manufacturing-based economy, local governments in Michigan are struggling to cope with rising costs and falling revenues. Leaders believe they lack appropriate financing for economic development and could increase existing substantial efforts at regional cooperation.

CLOSUP, in partnership with the Michigan Municipal League, Michigan Association of Counties and Michigan Townships Association, recently surveyed local government leaders to determine the crucial fiscal and economic issues for Michigan's communities. This survey was the first in a new ongoing program called the Michigan Public Policy Survey.

The researchers intend that the MPPS will improve policymaking and the quality of life in Michigan communities by identifying critical issues facing local governments. The survey is also designed to inform state and local policymakers as well as foundations, community groups and others of the priorities and challenges facing Michigan's local governments.

The MPPS is the first known of its kind nationwide -- it is the only survey to poll every unit of general purpose local government in an entire state.

"The MPPS is unique because it provides significant insight into the situations currently facing the leaders of local governments of all types, across the whole state," said Brian Jacob, professor of public policy and economics and CLOSUP director. "We can learn a great deal about how Michigan's communities are responding at the grassroots level to today's economic challenges."

The MPPS first survey was sent to Michigan's 1,858 local units of government, of which 1,204 jurisdictions replied.

Among the survey's key findings:

* Major barriers to local economic development efforts include lack of capital and financing, the absence of major employers, and geographic remoteness from major markets. While much of the discussion in Lansing and elsewhere focuses on tax issues, for a majority of Michigan's local government leaders tax rates are not a top concern.

* Forty-seven percent of counties, 41 percent of cities and 33 percent of villages expect to decrease services during the next fiscal year. In order to prevent or minimize service cuts, more local government leaders are considering expanding intergovernmental cooperation efforts. Fifty-five percent of counties and 50 percent of cities anticipate increasing their number of interlocal agreements.

* Many townships, villages, counties and cities believe their already considerable efforts at regional land use planning could be expanded even further. Close to half of the city officials who responded to the survey believe their governments are not doing enough in this area currently.

* Even more so than Michigan's citizens, the state's local government leaders lack trust in state government. While only 18 percent of Michigan citizens trust state government to "do the right thing" nearly always or most of the time, only 9 percent of local government leaders feel the same. Forty-nine percent of local government leaders seldom or almost never trust the state government.

* Local leaders are skeptical of the impact the federal stimulus package will have on their jurisdictions. Slightly less than 15 percent of officials surveyed think it will have a positive impact on their communities' economic conditions.
Other survey findings include information on fiscal issues, public participation, and strategies for economic development.

"For state policy makers who are studying potential local government reforms, the data provide a very clear picture of what is really happening in the local government trenches," said Larry Merrill, executive director of the Michigan Townships Association. "And for local officials, the findings should be helpful in putting their own unit of government's current challenges and issues into perspective. The report will also help local officials see what their colleagues in other entities are dealing with and how they are responding to shared economic issues."

Reports on individual jurisdictions and issue areas are forthcoming.

CLOSUP conducts and supports applied social science research and aims to foster effective communication between academic researchers and policymakers dealing with today's state, local, and urban policy problems. The center engages students in research on current policy issues and functions as an information resource for academics, policymakers, the media, and the public. For more information, see http://closup.umich.edu.

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